freely select among several transmission capacities (page 141, lines 23-25), which can include, for example, 4, 16, or 64 level QAM as discussed above.

The above features are not disclosed or suggested by Nakamura. The Examiner acknowledges that Nakamura does not teach a modulator capable of changing the value n. The Examiner asserts that Nakamura discloses that the level of modulation is selective, and that it would have been obvious to utilize some mechanism to effect such selection. Applicants disagree with these assertions by the Examiner. Nakamura generally discusses multi-level QAM modulation, and points out that a multi-level QAM signal "owns m^2 ($=2^n$) pieces of signal points." See column 1, lines 16-34. Nakamura goes on to give an example whereby m is selected to be 16 (n=8) (column 1, lines 34-35). However, such a general discussion of the fact that QAM modulation can be effected at different levels is not a disclosure of a system or method wherein the level of modulation is changeable. Accordingly, Nakamura does not disclose or suggest a modulator (or modulating method) capable of changing the value of n, or a receiving apparatus wherein the value of n is changeable as recited in the claims of the present application.

In view of the above, it is submitted that claims 98-109 are allowable over the prior art of record and that the application is in condition for allowance. The Examiner is invited to contact the undersigned by telephone to resolve any remaining issues.

Respectfully submitted,

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February 10, 2006